



***Supply Chain  
Exchanges  
DRID #48 IPT  
Meeting  
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# ***What is an Exchange***

## **Dictionary**

***A place where things are exchanged; especially, a center where securities and commodities are bought***

## **Commercial**

***An integrated suite of value-added services that promotes eCommerce among a community of trading partners.***

***Source: A&D Industry Exchange***

***provides life-cycle management support for materiel (Requirements - Item Visibility). Source: DLA/eBus Chain Exchanges Working Group***

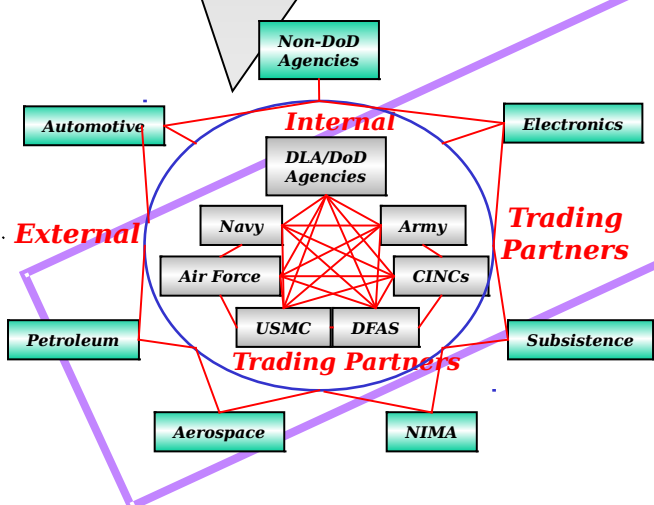
# Supply Chain Exchanges



**Current environment:**

- Multiple unique supply chains
- Duplicative costs
- Fractured efforts by Mil Services/Defense Agencies
- No leveraged influence on marketplace

**Supply Chain Trading Exchange**



• Establish DoD strategy to utilize market activity

• Optimize Component innovation with supply chains



# ***Why Do This?***

## ***Industry Perspective:***

- ✓ ***Emerging best business practice***
- ✓ ***Reduce duplicative over head (buyer and seller)***
- ✓ ***Economies of scale***

***Profitability***

## ***DoD Perspective:***

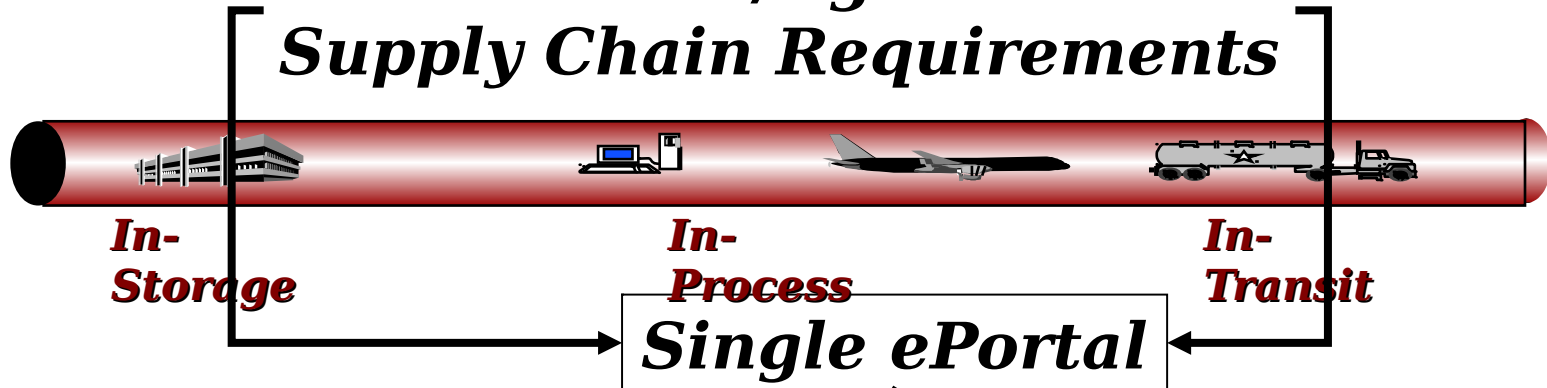
- ✓ ***Complements ongoing EB/EC initiatives (IDE, DLR, ePortal, eMall, etc.)***
- ✓ ***Reduction in cycle time - Customer Wait Time (Customer enhancement)***
- ✓ ***Potential administrative cost reductions***

***Warfighter Support -  
Increased Readiness & Sustainability***



# ***Vision***

## ***Services/Agencies Supply Chain Requirements***



## **Supply Chain Exchange**

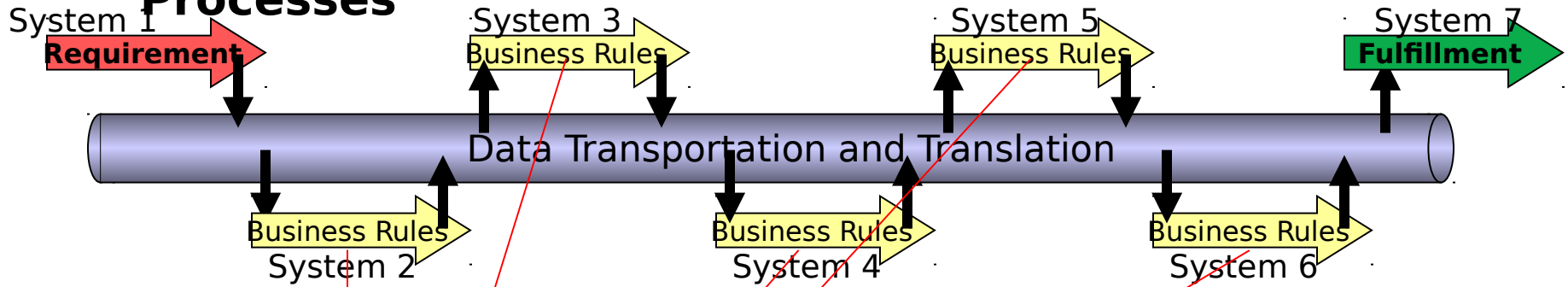
***Notional: Being Defined***

- ✓ ***Protocol Standards***
- ✓ ***Implementation Conventions (ICs)***
- ✓ ***Data Mapping***
  - ***Standard Interfaces***
  - ***Standard Data Elements***
  - ***Standard Codes***

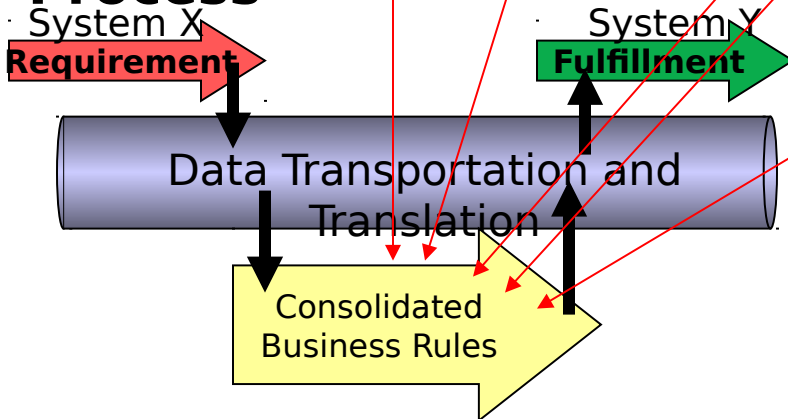


# Concept of Operat

## Current State - A Collection of Sequential Batch Processes



## Move to: Single Parallel Process



**Requires sharing of business rules engine by multiple stakeholders**

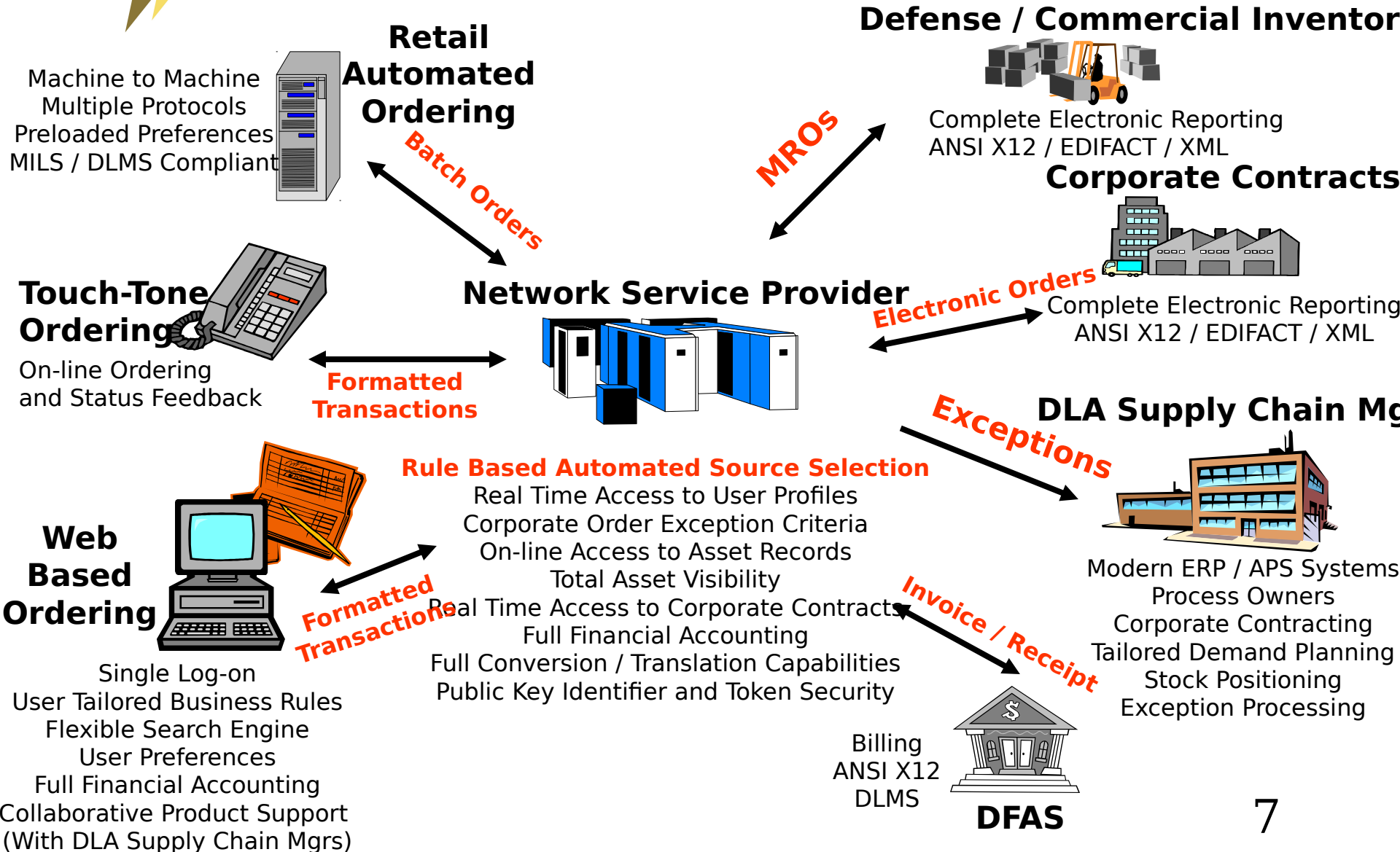
### Benefits:

- Reduced cycle time
- Reduced administrative costs
- Enhance



# Concept of Operation Example

## "Network Managed Order Fulfillment"





# ***Operating Principles***

- ✓ ***Centralized application of business rules and processes***
- ✓ ***Retains traditional Service/Agency relationships (non-intrusive)***
- ✓ ***Centralized operational control - decentralized execution and decision making***
- ✓ ***Provides strategic interoperability (mapping)***
- ✓ ***Uses standard data bases***





# ***Characteristics***

- ✓ ***Does not replace ALL services with Web - machine is still dominant communication***
- ✓ ***Network-centric - requirements are known "in real time" by all potential services/players***
- ✓ ***Needed information is accessible by DLSS using HTML, XML, or other appropriate WWW protocols with total data visibility***
- ✓ ***Accesses through single ePortal***
- ✓ ***Same quality of service (functional/technical) as the traditional sector***



# ***Summary***

✓ ***June 27, 2000 ADUSD(L) Supply Chain Int and Director Logistics Systems Modernization Supply Chain Exchanges***

***June 28, 2000 USD AT&L brief on Supply Chain Exchanges***

✓ ***Momentum building - OSD will be looking comment on concept***